

30 April 2018

ASX Release

ASX Code: CXX

March 2018 Quarterly Report

PERTH, Western Australia: Cradle Resources Limited (“Cradle” or “Company”) (ASX: CXX) presents its quarterly report for the period ended 31 March 2018.

The Company continues to advance its Panda Hill Niobium Project (“Project”) located in Tanzania, as well as considering new opportunities in the resources sector that could add value to shareholders.

During the quarter, the Company continued to liaise with the Tanzanian Government to clarify the uncertainty surrounding new legislation governing the mining sector in Tanzania, and to progress discussions on what project financiers would require so as to complete the financing of the Project.

Hatch, the preferred Engineering, Procurement, Construction Management (“EPCM”) contractor for the design and construction of the Project, has completed all pre-construction activities at the Project.

During the quarter, the Company completed a placement of 24.2 million shares at an issue price of \$0.12 per share to institutional and sophisticated investors to raise gross proceeds of \$2.9 million (“Placement”).

Tremont Investments Limited (“Tremont”), the Company’s largest shareholder, participated in the placement. Tremont is backed by Denham Capital, an energy and resources private equity firm which sponsors experienced mining management teams.

Proceeds from the Placement will be used to continue the advancement of the Project, and to consider other resource opportunities that have the potential to add value to shareholders.

Contact Information

For further information, please contact:

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Panda Hill Niobium Project

The Project is located in the Mbeya region in south western Tanzania, approximately 680km west of the capital Dar es Salaam (Figure 1). The industrial city of Mbeya is situated only 26km from the project area and has a population of approximately 280,000 people. The Project is located near the main highway to the capital Dar es Salaam and in close proximity to the Songwe Airport which has regular domestic flights from Dar es Salaam and plans for regional expansion.

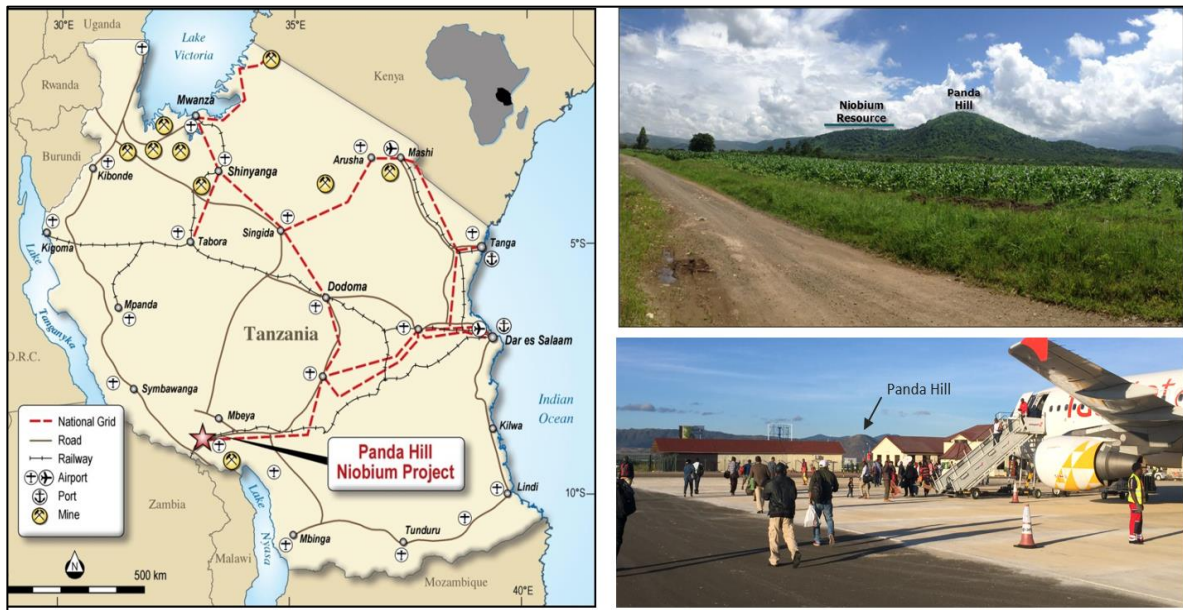


Figure 1: Location of the Panda Hill Niobium Project

The Project is covered by three granted Mining Licences (Figure 2) totalling 22.1km², which will enable a quick transition from the study and development phases, through construction and into operation. The area has excellent access to infrastructure, with existing roads, rail, airports and power available in close proximity. The three granted Mining Licenses were all renewed during the December 2015 quarter for a further 10-year period (valid until November 2026).

Cradle owns 50% of PHT, which owns 100% of the Project. Cradle and Tremont have entered into an agreement in relation to PHT ("Shareholders Agreement").

As previously advised, the Company and Tremont are in the preliminary stages of the dispute resolution mechanism prescribed by the Shareholders Agreement, regarding whether a definitive feasibility study has been delivered within the meaning of the Shareholders Agreement. The dispute has been referred to arbitration and preliminary conferences were held on 26 March 2018 and 5 April 2016 where a number of procedural orders were made and a timetable set for a substantive hearing to be held 31 July 2018 to 3 August 2018.

Cradle's position remains as set out previously. Subject to the outcome of the dispute, if the definitive feasibility study prepared by PHT is accepted as a definitive feasibility study within the meaning of the Shareholders Agreement the parties will then consider whether to proceed with construction of a mine

to carry out mining activities on the Project ("Decision to Mine"). Any Decision to Mine on the Project will require Cradle to provide funding to PHT based on its pro-rata shareholding in PHT, or dilute its interest in PHT based upon a value of such interest of US\$20 million plus contributions made by Cradle since October 2015, which is currently approximately US\$3.4 million.

During the quarter, the Company continued to liaise with all levels of the Tanzanian Government to clarify the uncertainty surrounding new legislation governing the mining sector in Tanzania and to progress discussions on what project financiers would require so as to complete the financing of the project.

The Company also understands that the Tanzanian Government plans to release new regulations to accompany the new legislation which may address some of the Company's concerns with the new legislation.

Tenement Summary

As at 31 March 2018, PHT, the joint venture company owned 50% by Cradle and 50% by Tremont Investments Limited, held the following interests in tenements:

Project	Tenement Number	Percentage Interest
Panda Hill Niobium, Tanzania	ML237/2006	100%
Panda Hill Niobium, Tanzania	ML238/2006	100%
Panda Hill Niobium, Tanzania	ML239/2006	100%

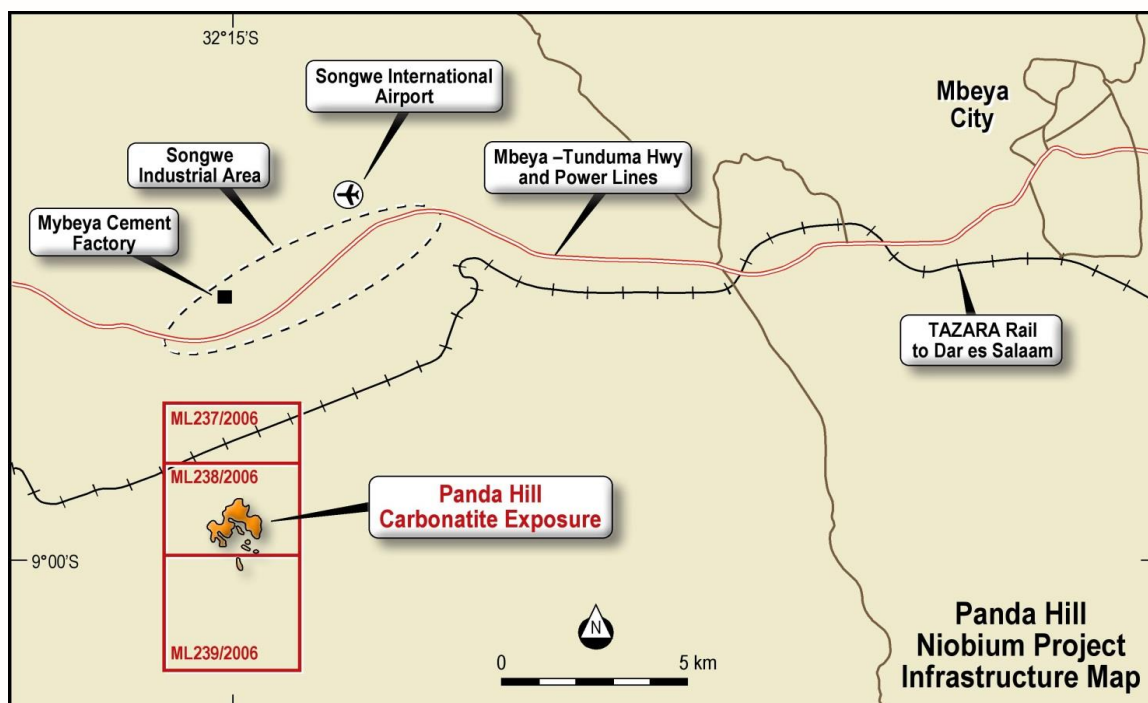


Figure 2: Mining Licences and Local Infrastructure

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

CRADLE RESOURCES LIMITED (ASX CODE: CXX)

ABN

60 149 637 016

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(61)	(380)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(53)	(175)
	(e) administration and corporate costs	(95)	(241)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	15
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material):		
	(a) scheme transaction costs	(45)	(214)
	(b) business development costs	(62)	(196)
1.9	Net cash from / (used in) operating activities	(263)	(1,191)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,900	2,900,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(37)	(39)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Monies held for onsite cash spend)	-	-
3.10	Net cash from / (used in) financing activities	2,863	2,861

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	481	1,411
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(263)	(1,191)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,863	2,861

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,081	3,081

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,081	481
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,081	481

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	51
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Directors' fees and superannuation.		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Nil

9. Estimated cash outflows for next quarter

\$A'000

9.1 Exploration and evaluation

(50)

9.2 Development

-

9.3 Production

-

9.4 Staff costs

(50)

9.5 Administration and corporate costs

(150)

9.6 Other (provide details if material)

-

9.7 Total estimated cash outflows

(250)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company Secretary)

Date: 30 April 2018

Print name: Greg Swan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.